

This fact sheet provides an overview of the TIF program. For a full discussion of the program requirements, please see KRS Chapter 65 and 154. As with all state administered incentive programs, any inducements offered under the TIF program are negotiated by Cabinet for Economic Development officials and presented as a recommendation to the Kentucky Economic Development Finance Authority for approval.

Development Area TIF under KRS 65.7049 (Redevelopment)

Description

The program is available for use to redevelop blighted areas into mixed use development by using the incremental additional local taxes such as property or occupational taxes realized as a result of the development. The community or agency can request state participation in this program with certain additional requirements.

General Requirements

Any city or county may establish a development area of contiguous land no larger than three square miles as long as it shall not cause the tract to represent over 20 percent of the assessed value of all taxable real property in the jurisdiction. The governing body will determine if the tract represents redevelopment conditions by finding that the area has two or more of the following conditions:

- Substantial loss of residential, commercial, or industrial activity or use;
- Forty percent (40%) or more of the households are low-income
- More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;
- Substantial abandonment of residential, commercial, or industrial structures;
- Substantial presence of environmentally contaminated land;
- Inadequate public improvements or substantial deterioration in public infrastructure; or
- Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition.

The city or county must find that the area cannot be reasonably expected to be developed without public assistance and that the development's public benefit justifies the public costs and provide information supporting those findings. Also, the city or county must find either that the area immediately surrounding the tract has not have been subject to growth/redevelopment through private enterprise or that there are special circumstances preventing development. (See KRS 65.7049(4).)

Process

The city or county must adopt a development plan meeting the requirements of KRS 65.7051 which states in part that the plan will include:

- (a) Assurances that the proposed development area meets the requirements of KRS 65.7049(1) and (2), identification of the conditions in the proposed development area that meet the criteria set forth in KRS 65.7049(3), and confirmation that the requirements of KRS 65.7049(4) have been met;
- (b) A detailed description of the existing uses and conditions of real property in the development area;
- (c) A map showing the boundaries of the proposed development area, a legal description of the development area, and geographic reference points;

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- (d) A map showing proposed improvements and uses therein, including the identification of any proposed projects, along with a narrative description of the proposed improvements, projects, and uses within the development area;
- (e) A description of the redevelopment assistance proposed to be employed in the development area, including the manner and location of such assistance;
- (f) A detailed financial plan containing projections of the cost of the proposed redevelopment assistance to be provided, proposed projects to be funded, proposed sources of funding for these costs, projected incremental revenues, and the projected time frame during which financial obligations will be incurred;
- (g) Proposed changes of any zoning ordinance, comprehensive plan, master plan, map, building code, or ordinance anticipated to be required to implement the development plan; and
- (h) If the city or county is a member of a planning unit, certification of review by the planning commission for compliance with the comprehensive plan of the planning unit pursuant to KRS Chapter 100 after any necessary changes identified in paragraph (g) of this subsection are made.

The plan must be filed with the corresponding city clerk or county Fiscal court having jurisdiction over the area prior to any public hearing. The city or county must then hold a public hearing to receive input regarding the development plan and the proposed projects. Publication of notice in accordance with KRS 424.130 is required.

The city or county may then adopt an ordinance meeting the requirements of KRS 65.7053 which states in part that the ordinance will include:

- (a) A legal description of the boundaries of the development area, and geographic reference points;
- (b) The establishment date;
- (c) The termination date, including a provision that allows the termination date to be extended as provided in KRS 65.7045(33);
- (d) A name for the development area for identification purposes;
- (e) A finding that the conditions in the development area meet the criteria described in KRS 65.7049;
- (f) A finding supporting the need to employ redevelopment assistance in the development area;
- (g) A provision adopting the development plan required by KRS 65.7051(1);
- (h) Approval of any agreements relating to the development area, including any local participation agreements;
- (i) A provision establishing a special fund for the development area or any project within the development area;
- (j) A requirement that any entity other than the governing body that receives financial assistance under the development area ordinance, whether in the form of a grant, loan, or loan guarantee, shall make periodic accounting to the governing body;
- (k) A provision for periodic analysis and review by the governing body of the development activity in the development area, a review of the progress in meeting the stated goals of the development area, and a requirement that the review and analysis be forwarded to the authority if the development activity includes projects subject to a tax incentive agreement;
- (l) Designation of the agency or agencies responsible for oversight, administration, and implementation of the development ordinance; and
- (m) Any other provisions, findings, limitations, rules, or procedures regarding the proposed development area or a project within the development area and its establishment or maintenance deemed necessary by the city or county.



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If wage assessments are included in the TIF increment, the city or county must report the pledge of those assessments to the Kentucky Economic Development Finance Authority (KEDFA). A boundary description, commencement date, activation date and termination date must be identified in that report.

A city or county that has established a development area, or an entity designated to manage the development area may submit an application to KEDFA identifying the specific program for which they are seeking approval. The application form must be in accordance with 307 KAR1:050 which incorporates the form and states all requirements for application. It is always in the best interest of the applicant to contact the Cabinet and discuss the proposed application in advance of submission. Documents submitted supporting the application will include:

- A copy of the ordinance establishing the development area
- A copy of the local participation agreement
- Data supporting the findings required to establish a development area.

A preliminary review of the application and the supporting documentation is performed by KEDFA staff to determine that the applicant has met all statutory and regulatory requirements. If the KEDFA staff confirms the minimum requirements have been met, the application will be presented to KEDFA for preliminary approval. If the KEDFA staff determines that the minimum requirements have not been met, they will notify the applicant in writing of the determination

If the project receives preliminary approval and the applicant is seeking state participation for a Signature Project or for a Mixed Use Redevelopment project, an independent consultant's report consistent with KRS 154.30-030 (6)(a) will be required. The applicant will pay all fees associated with the report.

Upon review of the application and other information, KEDFA may pledge all or a portion of the eligible taxes to the project.

For further information contact:

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